



Patrick W. Henning, Director

December 14, 2009
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Arnold Schwarzenegger
Governor

Ms. Sandra Harmsen, Director
San Bernardino County
Workforce Development Department
215 North D Street, Suite 301
San Bernardino, CA 92415

Dear Ms. Harmsen:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the San Bernardino County Workforce Development Department's (WDD) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Dave Ajirogi from April 27, 2009, through May 1, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by WDD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of WDD, a review of applicable policies and procedures, and a review of documentation retained by WDD for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on July 16, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 90176.

BACKGROUND

The WDD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, WDD was allocated: \$4,044,218 to serve 25,583 adult participants; \$4,084,816 to serve 480 youth participants; and \$1,104,207 to serve 2,737 dislocated worker participants.

For the quarter ending March 31, 2009, WDD reported the following expenditures and enrollments for its WIA programs: \$2,205,778 to serve 1,260 adult participants; \$1,847,174 to serve 487 youth participants; and \$1,111,797 to serve 458 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that overall, WDD is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we conclude that, overall, WDD is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area, our recommendation, and WDD's proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions.

29 CFR Section 97.35 states, in part, that all contracts awarded shall contain the provisions of Appendix A to this part for debarment and suspension requirements, including Executive Order (EO) 12689.

Observation: Our review of WDD's subrecipient contracts with the Apple Valley Unified School District at \$195,800 and Career Institute at \$875,000 concluded that they did not contain the required debarment and suspension provision.

Recommendation: We recommended that WDD submit a corrective action plan (CAP) to the Compliance Review Office (CRO) stating how it will ensure that future contracts include the above contract provisions.

WDD Response: The WDD stated that they accepted the recommendation and revised their boilerplate contract to include the EO 12689 in accordance with 20 CFR Section 97.35. The WDD also stated that effective May 15, 2009 all contracts executed by WDD contain the revised language which specifies EO 12689.

State Conclusion: The WDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify the WDD's executed contracts include the updated contract language as stated in their corrective action plan. Until then, this issue remains open and has been assigned CATS number 90176.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is WDD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain WDD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Steven Amezcua, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
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